



PUBLIC NOTICE

Federal Communications Commission
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Released: February 26, 1999
DA 99-414

REPORT FILED BY STATE MEMBERS OF JOINT BOARD ON JURISDICTIONAL SEPARATIONS

CC DOCKET NO. 80-286

In the Notice of Proposed Rulemaking issued in this proceeding, the Commission invited the state members of the Joint Board to develop a report identifying issues and subjects to address in a Further Notice.¹ On December 21, 1998, the state members of the Joint Board on jurisdictional separations filed a State Report with the Commission setting forth additional issues that should be addressed by the Joint Board in connection with its consideration of comprehensive separations reform, including a proposal for an interim approach to separations reform pending adoption of comprehensive reform.² The State Report indicates that the state members of the Joint Board are developing questions to complement the issues raised in the Report and requests that the Commission simultaneously seek comment on the State Report and the questions. The state members have not yet submitted the questions to the Commission. The state members, however, have requested that the Commission seek comment on the State Report without waiting for the questions to be filed. Following is a brief summary of the principal issues addressed in the State Report.

Confiscation liability. The state members maintain that some form of jurisdictional separations will be required as long as a potential confiscation liability remains. The state members do not believe that it is clear that competition alone would eliminate such claims.

Effects of new technologies on the separations process. The state members find that several technological changes, such as the shift from circuit to packet switches, may require changes in how traffic sensitive and non-traffic sensitive joint and common costs are measured and allocated.

Difficulties in tracking usage. The state members claim that it has become increasingly

¹ *Jurisdictional Separations Reform and Referral to the Federal-State Joint Board*, Notice of Proposed Rulemaking, CC Docket No. 80-286, 12 FCC Rcd 22120, 22132 (1997), para. 21.

² The State Report is available for public inspection in the FCC Reference Center, Room 239, 1919 M Street, N.W., Washington, D.C., 20554, from 9:00 a.m. to 4:30 p.m. An electronic copy of the Report also may be found on the Commission's Web Page at <www.fcc.gov/ccb/>.

difficult to track jurisdictional usage, most notably in connection with the Internet, where, for example, traditional usage measurements overlook the packet-switched part of the communication chain.

Effects of end-user charges. The state members claim that since 1986, when the Commission required some costs assigned to the interstate jurisdiction to be recovered from end-users through the subscriber line charge, there has been no direct relationship between the level of costs assigned to either jurisdiction and the level of basic monthly charges paid by customers.

Section 254(k). The state members believe that section 254 of the 1996 Act, which provides that "services included in the definition of universal service bear no more than a reasonable share of joint and common costs of facilities used to provide those services," may require accounting and separations rule changes.

Competitive services. The state members indicate that any reform of jurisdictional separations must take into account how costs are allocated between the jurisdictions when certain services are deregulated. In this regard, the state members claim that such reform may require an integration of Parts 36 and 64.

Modified structure. The state members recommend that the separations Joint Board consider proposals that fundamentally alter the basis upon which costs are allocated between the jurisdictions, e.g., GTE and US WEST proposal that proposes assigning significantly more costs and revenues to the state jurisdiction.

Transitional reform. The state members recommend that, until comprehensive separations reform can be adopted, the Joint Board should adopt on an interim basis a three-year rolling average, which would reduce the impact of usage changes and resulting cost shifts from year to year.

Pursuant to Sections 1.415 and 1.419 of the Commission's rules, 47 C.F.R. §§ 1.415, 1.419, interested parties may file comments on or before **March 30, 1999**, and reply comments on or before **April 14, 1999**. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24,121 (1998). Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, "get form

<your e-mail address." A sample form and directions will be sent in reply. Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appear in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. All filings must be sent to the Commission's Secretary, Magalie Roman Salas, Office of the Secretary, Federal Communications Commission, 445 12th Street, S.W., Washington, D.C. 20554.

For further information, contact: Sharon Webber, Federal Communications Commission, Accounting Policy Division, 2100 M Street, N.W., 8th Floor, Washington, D.C. 20554; 202/418-7400.

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